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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

SEP 20 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
800 Data Base Access Tariffs and the) CC Docket No. 93-129
)
800 Service Management System Tariff)

DIRECT CASE

BellSouth Telecommunications, Inc. ("BellSouth") hereby files its direct case in compliance with the Commission's order, released July 19, 1993, in the above-referenced proceeding (hereinafter "800 Designation Order").¹ BellSouth's filing consists of the following exhibits:

Exhibit 1. Exhibit 1 addresses the terms and conditions pertinent to BellSouth's offer of 800 Data Base Access Service, the methodology employed by BellSouth to restructure the traffic sensitive basket and incorporate certain exogenous cost adjustments, and the reasonableness of rate levels adopted for basic query and vertical feature services. Finally, BellSouth offers its comments on the question of service query billing by a LEC which does not itself provide database access. These issues are identified at paragraphs 6-34 inclusive of the 800 Designation Order.

Exhibit 2. Exhibit 2 provides in hard copy the unit cost and investment information, jurisdictional separations data and demand projections required by the Commission under

¹ Order Designating Issues for Investigation, CC Docket No. 93-129, DA 93-930, released July 19, 1993.

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List A B C D E

Appendix A, Sections I, II and III, of the 800 Designation Order.²

Exhibit 3. Exhibit 3 addresses miscellaneous issues identified in Appendix A, Section IV, of the 800 Designation Order.

This material evidences BellSouth's compliance with Commission requirements governing the offer of 800 data base service. As hereinafter shown, the terms and conditions of BellSouth's tariff describe with reasonable specificity the characteristics of the service, providing ample notice to prospective customers. Further, cost detail offered in Exhibit 2 identifies all components of the data base offering and supports a finding of reasonableness as to the underlying costing methodology employed by BellSouth. Finally, the rate levels for basic query and vertical features are consistent with identified costs and comply fully with price cap rules.

On the basis of these facts, demonstrated through the attached exhibits, the Commission should deny petitions opposing Transmittal No. 94 and conclude this investigation

² Pursuant to the Commission's direction, data provided in Exhibit 2 is also submitted on 5.25 inch PC floppy disk, double sided double density.

with a finding that BellSouth's 800 Data Base Access Service meets all requirements of the Communications Act and implementing regulations.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

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DATE: September 20, 1993

EXHIBIT 1

A. TERMS AND CONDITIONS

Issue 1. The degree of clarity with which the LEC 800 data base tariffs describe the services offered.

The 800 Designation Order requests further explanation of certain provisions for the offer of 800 data base service. The following specific matters are identified:

- (1) area of service routing;
- (2) application of query charge for undelivered calls;
- (3) marketing of vertical features.

BellSouth's basic query service is described in Section 6.1.1(E) of the tariff.¹ In accordance with this section, BellSouth will deliver each call based on routing information associated with the 800 number, which information resides in the Service Control Point (SCP). Any 800 number designated for multiple carrier routing will be routed accordingly and the query associated with such a call will be recorded and billed as basic service. When BellSouth performs RESP ORG functions, a basic service nonrecurring charge will apply to enter multiple carrier routing instructions in the Service Management System (SMS). This charge is provided in Section 13 of the tariff.

Consistent with an earlier Commission decision,²

¹ BellSouth Telecommunications, Inc. Tariff F.C.C. No. 1, Section 6.1.1(E).

² Provision of Access for 800 Service, CC Docket No. 86-10, 8 FCC Rcd 907, 909 (1993).

BellSouth will bill for completed database queries despite nondelivery of the associated call to the IXC. BellSouth and other LECs incur costs for each query. Without payment from the IXC, these must be absorbed by the LEC or recovered from other ratepayers, contrary to the principles of cost causation. BellSouth suggests that encouraging end users to provide ample notice to the serving IXC of impending media stimulation will do more to reduce the incidence of undelivered calls, while avoiding the unreasonable result of compelling LECs to forego the recovery of costs legitimately incurred.

There is no merit to the suggestion that availability of vertical features under BellSouth's tariff is restricted to those accounts for which BellSouth serves as RESP ORG. Section 13.3.14, which governs the provision of 800 Access Ten Digit Screening Service, requires customers to subscribe to basic 800 Number Service [defined elsewhere in the tariff as BellSouth's RESP ORG functions] "or as an alternative the provision of those services by other responsible organizations or through direct access by the customer to the Service Management System."³ Optional features (including all vertical services) are obtained "in the same manner,"⁴ i.e., through the use of BellSouth RESP ORG services, through provision of those services by other RESP

³ BellSouth Tariff F.C.C. No. 1, Section 13.3.14.

⁴ Id.

ORGs or through direct customer access to the SMS.

Additionally, vertical features offered under Section 13.3.14.3 will be marketed exclusively to IXC's. BellSouth earlier proposed to amend its tariff to include a more explicit limitation to this effect and hereupon renews this offer.

Subissue: Should the LECs include RESPORG services in their 800 data base tariffs?

BellSouth's RESP ORG services are currently tariffed at Section 13.3.14.1. This Company's decision to tariff was predicated upon the Commission's requirement to tariff the SMS and was thought to be consistent with that directive.⁵ Nevertheless, BellSouth would have no objection to providing RESP ORG services under contract.

⁵ "We find that, under the current BOC plans for providing SMS access, SMS access is a Title II common carrier service that should be offered pursuant to tariff. We conclude further, based on how SMS access will be provided, that the BOCs should file the necessary tariff." Provision of Access for 800 Service, CC Docket No. 86-10, 8 FCC Rcd 1423, 1426 (1993).

EXHIBIT 1

B. 800 DATA BASE QUERY TARIFFS - PRICE CAP CARRIERS

Issue 2. The reasonableness of the methods used by the price cap LECs to restructure their traffic-sensitive baskets, while adjusting for exogenous costs.

Based upon informal discussion with Commission staff, BellSouth understood Method 1 to be the preferred alternative and accordingly employed Method 1 in its filing. In BellSouth's view, each method has slight advantages and disadvantages; however, all three are reasonable and there is no necessity for the Commission to prescribe a single approach. BellSouth further believes that no method offers a significant degree of flexibility over the other two. In BellSouth's view, only Method 3 may require a waiver to avoid possible violation of the price cap rules.

Method 1: Restructure First

This method offers the advantage that only 800 rates are affected, since all other proposed traffic sensitive service band indices (SBIs) maintain the same relationship to proposed upper and lower bounds as the original SBIs had to the original upper and lower bounds. Thus, no other rates must be adjusted to remain within bounds. The disadvantages to this method are that it is the most complex to implement and most difficult to understand. When this method is used, the SBI should be initialized at the traffic sensitive SBI.

Method 2: Exogenous Change First

Advantages of this method are that it complies with price cap requirements and is the least complicated of the alternatives under consideration. Its disadvantage is in the fact that upper and lower band limits in each of the original service categories are raised by virtue of the positive exogenous change, possibly causing some SBIs to fall below band and necessitate price changes for services other than 800 data base. If this method is used the SBI should be initialized at 100.

Method 3: Alternative Method

BellSouth believes this method to be the least desirable. While it has the advantage of affecting no rates except 800 data base, it is arguably in violation of price cap rules. Notwithstanding the directive of Section 61.47, 47 C.F.R. § 61.47, this method makes no adjustment to upper and lower SBIs following a change in the price cap index (PCI).

Issue 3. The reasonableness of the price cap LECs' 800 data base rates.

Subissue: Are the exogenous costs claimed by the price cap LECs reasonable?

BellSouth's exogenous costs are comprised solely of those direct costs necessary to implement 800 data base service and are contained within the following categories:

- 1) The Service Control Points (SCPs) dedicated to 800 Data base Service, and associated Land and Building costs;

- 2) The dedicated Access Links (hardware and software) for the SCPs, including PORT Terminations;
- 3) The additional Diagonal Links from the Local Signal Transfer Points (LSTPs) to the Regional Signal Transfer Points (RSTPs) required for the additional 800 data base traffic, including PORT Terminations;
- 4) Service Switching Point-800 (SSP-800) software in end offices required to process 800 data base queries and responses;
- 5) Circuit lease expenses for the additional data circuits from the SCPs to the Service Management System (SMS);
- 6) Charges from the Number Administration and Service Center (NASC);
- 7) SCP-800 Owner/Operator charges.¹

Exogenous treatment was not accorded to costs related to deployment of the SS7 infrastructure. Further, BellSouth employed directly assigned cost factors to develop exogenous cost estimates and applied no overhead loadings.

BellSouth has joined Bellcore and other LECs in seeking a waiver of the requirement to disclose the Common Channel Signalling Cost Information System (CCSCIS) on the public record.² Like the related Switching Cost Information System (SCIS) model, CCSCIS incorporates confidential business information and trade secrets of BellSouth, Bellcore and third-party vendors. The same competitive harms would

¹ The development of exogenous costs is discussed at Appendix B.1 of Transmittal No. 94.

² In the Matter of 800 Data Base Access Tariffs and the 800 Service Management System Tariff, DA 93-930, CC Docket No. 93-129, Petition for Waiver, September 16, 1993.

accompany its public disclosure and justify a level of protection equivalent to that the Commission has already found appropriate for SCIS.³ Finally, BellSouth is aware of no process or method for the development of reasonable cost projections applicable to 800 data base services which does not require the application of proprietary data and models.

Subissue: Have the LECs used reasonable rate making methodologies in developing their basic query rates?

Estimated demand for the data base query rate elements was based on 1991 levels of 800 Service minutes of use and the average call duration of an 800 call. Total query demand was then split between those associated with 800 number delivery and those associated with POTS number delivery. The 800/POTS number split was based on the assumption that larger IXCs having data base capability will perform the POTS number lookup using the IXC data base, while smaller IXCs lacking this capability will obtain POTS number translation from BellSouth.

Query demand was next split into two additional categories: one category being those queries associated with 800 numbers having optional complex vertical features and the other being those queries associated with 800 numbers not having optional complex vertical features. This split was predicated on an assumption that of those

³ See In the Matter of Allnet Communications Services, Inc. Freedom of Information Act Request, FOIA Control No. 92-266, FCC 92-356, Memorandum Opinion and Order, released August 3, 1992.

queries providing 800 number delivery (i.e., those associated with larger IXCs), approximately 10% would employ complex vertical features. For queries providing POTS number delivery (i.e., those associated with smaller IXCs), it was estimated that approximately 20% would employ complex vertical features. Demand for the new service query elements, identified as described above, was then grown based on forecasted trends for 800 minutes of use to obtain final projections for these services.

BellSouth's rate for the basic query service (800 Access Ten Digit Screening Service with 800 Number Delivery) was established at a level commensurate with the new service query charge (800 Call Utilizing 800 Access Ten Digit Screening Service with POTS Number Delivery), reflecting common characteristics of the services provided under the two rate elements as well as the level of directly assigned costs incurred to provision both. The rate was then multiplied by estimated demand for the restructured offering to determine the level of revenue reduction within the service basket necessary to comply with price cap rules.

Those rules require that a restructured service filing include support information demonstrating that, after taking into account effects of the restructure, the relevant API is at or below the PCI, and the relevant SBIs remain within band.

The first step in developing the indices for the Switched Access basket was to remove 800 NXX nonrecurring revenues of \$2.6 million from local switching revenues and to reduce the equal access recovery rate from \$.07720 to \$.04900. This change in the equal access recovery rate reduced anticipated local switching revenues by \$5.9 million. Restructured 800 access revenues were estimated by multiplying the initial 800 data base rate times the demand.

The local switching, transport and information rates were adjusted with the result that the total traffic sensitive proposed revenue approximately equalled the existing traffic sensitive API. Next, the data base SBI was initialized at the existing traffic sensitive API and upper and lower limits were set at plus and minus 5% around the initialized SBI. The SBI values and their associated limits for switching, transport and information were maintained at current levels.

Using the exogenous costs associated with 800 data base service, a new Switched Access PCI was calculated. SBI limits for the switching, transport and information service bands in the traffic sensitive basket were adjusted as a result of the change to the PCI. The local switching, transport and information rates that were previously decreased were returned to their original value, except for 800 NXX nonrecurring and the equal access cost recovery rate.

In accordance with paragraph 31 of the 800 Designation Order, supporting data is provided at Exhibit 2 to this Direct Case.

Subissue: Have the LECs used reasonable rate making methodologies in developing their vertical features rates?

Notwithstanding the relative parity in recurring rate levels among various 800 data base alternatives, BellSouth rates capture all incremental costs associated with Call Handling and Destination features, to include SCP processor time and software development for additional recording and rating requirements. In determining the level of incremental costs, BellSouth has included costs directly attributable to vertical services alone, which have been totally assigned to vertical services; as well as costs attributable to both basic and vertical services, which have been prorated in direct proportion to respective service demand.

In accordance with paragraph 33 of the 800 Designation Order, supporting data is provided at Exhibit 2 to this Direct Case.

EXHIBIT 1

C. 800 DATA BASE QUERY TARIFFS - RATE OF RETURN CARRIERS

Issue 4. The rate of return LECs' role in providing the services offered in their tariffs.

Although BellSouth is a price cap LEC, the issue of end office billing responsibility for 800 data base queries does impact its business relationships with other LECs. Whether query billing will be performed by the company providing data base access service or by the call originating company should be negotiated between the companies. Regardless of which carrier ultimately performs 800 query billing, all other switched access billing will remain with the call originating carrier. If the call originating carrier performs query billing, it must purchase query and routing functions from the providing carrier at the providing carrier's tariffed query rate.

This matter was accepted for consideration by the Ordering and Billing Forum (OBF) on August 3, 1993. Industry members should comply with the recommendation ultimately issued by this committee.

INFORMATION REQUEST FOR 800 DATABASE SERVICE EXOGENOUS COSTS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total
J. Unit Cost and Investment																
STP/SCP Signalling Link																
Unit Investment	0.00	0.00	0.00	0.00	24,445.00	0.00	3,541.00	0.00	28.00	156.00	285.00	312.00	0.00	0.00	138.00	28,905.00
Unit Costs																
Depreciation	0.00	0.00	0.00	0.00	1,996.00	0.00	292.00	0.00	0.00	15.00	22.00	22.00	0.00	0.00	15.00	2,362.00
Net Return	0.00	0.00	0.00	0.00	2,596.00	0.00	379.00	0.00	0.00	19.00	29.00	29.00	0.00	0.00	19.00	3,071.00
Federal Income Tax	0.00	0.00	0.00	0.00	1,570.00	0.00	229.00	0.00	0.00	12.00	18.00	18.00	0.00	0.00	12.00	1,899.00
State & Local Income Tax	0.00	0.00	0.00	0.00	240.00	0.00	35.00	0.00	0.00	2.00	3.00	3.00	0.00	0.00	2.00	285.00
Maintenance	0.00	0.00	0.00	0.00	1,163.00	0.00	0.00	0.00	0.00	3.00	3.00	4.00	0.00	0.00	3.00	1,178.00
Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Tax	0.00	0.00	0.00	0.00	346.00	0.00	51.00	0.00	0.00	3.00	4.00	4.00	0.00	0.00	3.00	411.00
Other Direct Expense	0.00	0.00	0.00	0.00	21,416.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,416.00
Overhead Loadings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	29,327.00	0.00	966.00	0.00	0.00	54.00	79.00	80.00	0.00	0.00	54.00	30,580.00
Local STP/Regional STP Signalling Link																
Unit Investment	0.00	0.00	0.00	0.00	41,449.00	0.00	7,670.00	0.00	81.00	460.00	838.00	919.00	0.00	0.00	405.00	51,822.00
Unit Costs																
Depreciation	0.00	0.00	0.00	0.00	3,386.00	0.00	628.00	0.00	7.00	37.00	67.00	75.00	0.00	0.00	30.00	4,230.00
Net Return	0.00	0.00	0.00	0.00	4,404.00	0.00	817.00	0.00	10.00	49.00	87.00	97.00	0.00	0.00	39.00	5,503.00
Federal Income Tax	0.00	0.00	0.00	0.00	2,664.00	0.00	494.00	0.00	6.00	29.00	53.00	59.00	0.00	0.00	24.00	3,328.00
State & Local Income Tax	0.00	0.00	0.00	0.00	406.00	0.00	75.00	0.00	1.00	4.00	8.00	9.00	0.00	0.00	4.00	507.00
Maintenance	0.00	0.00	0.00	0.00	1,972.00	0.00	84.00	0.00	1.00	7.00	12.00	13.00	0.00	0.00	6.00	2,085.00
Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Tax	0.00	0.00	0.00	0.00	587.00	0.00	109.00	0.00	1.00	6.00	12.00	13.00	0.00	0.00	5.00	733.00
Other Direct Expense	0.00	0.00	0.00	0.00	26,958.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,958.00
Overhead Loadings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	40,377.00	0.00	2,207.00	0.00	26.00	132.00	239.00	266.00	0.00	0.00	108.00	43,395.00
SCP/SMS Signalling Link																
Unit Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unit Costs																
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Return	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State & Local Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Direct Expense	0.00	0.00	0.00	0.00	19,949.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,949.00
Overhead Loadings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	19,949.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,949.00
SCP																
Unit Investment	1,231.00	16,396.00	0.00	0.00	815,733	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	833,360.00
Unit Costs																
Depreciation	0.00	1,340.00	0.00	0.00	66,825.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	68,165.00
Net Return	126.00	1,740.00	0.00	0.00	86,782.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	88,648.00
Federal Income Tax	76.00	1,053.00	0.00	0.00	52,492.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53,621.00
State & Local Income Tax	12.00	161.00	0.00	0.00	8,006.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,179.00
Maintenance	0.00	780.00	0.00	0.00	38,565.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	39,345.00
Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Tax	17.00	232.00	0.00	0.00	11,565.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,814.00
Other Direct Expense	0.00	0.00	0.00	0.00	560,474.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	560,474.00
Overhead Loadings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	231.00	5,306.00	0.00	0.00	825,009.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	830,546.00
Tandem Switch																
Unit Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unit Costs																
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Return	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State & Local Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Direct Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Overhead Loadings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

SSP

Unit Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unit Costs															
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Return	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Federal Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State & Local Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Direct Expense	0.00	0.00	0.00	0.00	424,730.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	424,730.00
Overhead Loadings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	424,730.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	424,730.00

II. Jurisdictional Separations

STP/SCP Signalling Link

Total Investment	0.00	0.00	0.00	0.00	138,999.00	0.00	10,613.00	0.00	125.00	623.00	1,121.00	1,246.00	0.00	0.00	540.00	153,267.00
Total Company	0.00	0.00	0.00	0.00	138,999.00	0.00	10,613.00	0.00	125.00	623.00	1,121.00	1,246.00	0.00	0.00	540.00	153,267.00
Subject to Separation	0.00	0.00	0.00	0.00	100%	0.00	100%	0.00	100%	100%	100%	100%	0.00	0.00	100%	100%
State 800 Database	0.00	0.00	0.00	0.00	114,564.00	0.00	7,072.00	0.00	97.00	467.00	836.00	934.00	0.00	0.00	402.00	124,362.00
State Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate 800 Database	0.00	0.00	0.00	0.00	24,445.00	0.00	3,541.00	0.00	28.00	156.00	285.00	312.00	0.00	0.00	138.00	28,905.00
Interstate Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Method of Assignment					PART 36		PART 36		PART 36	PART 36	PART 36	PART 36			PART 36	PART 36
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Local STP/Regional STP Signalling Link

Total Investment	0.00	0.00	0.00	0.00	235,688.00	0.00	22,988.00	0.00	366.00	1,832.00	3,299.00	3,664.00	0.00	0.00	1,588.00	269,425.00
Total Company	0.00	0.00	0.00	0.00	235,688.00	0.00	22,988.00	0.00	366.00	1,832.00	3,299.00	3,664.00	0.00	0.00	1,588.00	269,425.00
Subject to Separation	0.00	0.00	0.00	0.00	100%	0.00	100%	0.00	100%	100%	100%	100%	0.00	0.00	100%	100%
State 800 Database	0.00	0.00	0.00	0.00	194,239.00	0.00	15,318.00	0.00	285.00	1,372.00	2,461.00	2,745.00	0.00	0.00	1,183.00	217,603.00
State Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate 800 Database	0.00	0.00	0.00	0.00	41,449.00	0.00	7,670.00	0.00	81.00	460.00	838.00	919.00	0.00	0.00	405.00	51,822.00
Interstate Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Method of Assignment					PART 36		PART 36		PART 36	PART 36	PART 36	PART 36			PART 36	PART 36
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SCP/SMS Signalling Link

Total Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Company	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subject to Separation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State 800 Database	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate 800 Database	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Method of Assignment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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SCP

Total Investment	5,590	74,444	0.00	0.00	4,638,375	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,718,409.00
Total Company	5,590	74,444	0.00	0.00	4,638,375	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,718,409.00
Subject to Separation	100%	100%	0.00	0.00	100%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100%
State 800 Database	4,359	58,048	0.00	0.00	3,822,642	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,885,049.00
State Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate 800 Database	1,231	16,396	0.00	0.00	815,733	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	833,360.00
Interstate Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Method of Assignment	PART 36	PART 36			PART 36											PART 36
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NOTE: MAINTENANCE AND OTHER DIRECT EXPENSE IN SECTION 1 ARE PLANT-BASED.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

Tandem Switch

Total Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Company	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subject to Separation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State 800 Database	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate 800 Database	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Method of Assignment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

SSP

Total Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Company	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subject to Separation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State 800 Database	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate 800 Database	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interstate Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Method of Assignment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

III. Demand	A
	Total

800 Database Queries

State 800 Database	579537706
State Other	0
Interstate 800 Database	2470660742
Interstate Other	0
Base Period Demand	2470660742
Estimated Demand	NA
Time Period	1991
Discount Rate	NA

EXHIBIT 3

MISCELLANEOUS ISSUES

1. If a discount rate is used in your demand calculations, explain the rationale for using this rate.

BellSouth did not apply a discount rate in demand calculations.

2. If you based your demand growth assumptions completely on past performance, explain why the introduction of 800 data base service will have no effect on the growth rate for 800 query demand for your company.

Number portability constitutes the primary advantage of data base service as compared with 800 NXX access for provisioning 800 services. This feature will doubtless promote customer migration between carriers, thereby stimulating IXC competition. However, there is no basis for assuming that it will affect the total growth rate of 800 query demand.

3. Explain how the demand assumptions were used in your ratemaking methodology.

See Exhibit 1, Section B, pp. 4-5.

4. Provide the annual costs for all expenses related to the SMS/800 incurred pursuant to contracts with Bellcore, Data Services Management, Inc., or any other entity. Provide the terms of the contract and an explanation of how the annualized amount is calculated.

The exogenous costs to BellSouth for expenses related to the SMS/800 are estimated to be \$279,182 annually. This estimate is based on SMS/800 tariff charges that BellSouth is expected to incur as a RESP ORG.

5. Provide the cost detail, by account, associated with upgrading the SSPs for 800 data base service and justify why those upgrades should be treated as exogenous costs.

The only Service Switching Point (SSP) cost included by BellSouth recovers costs associated with the 800-SSP feature. This software provides the capability to process 800 queries and responses and is specific to 800 Data Base Access Service. Exogenous interstate costs are \$424,730 and are contained in account 6212.

6. If overhead costs were included as exogenous costs in your initial filing, justify why those costs should be treated as exogenous costs.

BellSouth did not include overheads in its exogenous costs.

7. If signalling link costs between local STPs and regional STPs are included as exogenous costs, justify why those costs should be treated as exogenous costs.

BellSouth included only the cost of additional signaling links between local and regional Signaling Transfer Points (STPs) which are required to carry the additional 800 data base traffic. The link costs are directly attributable to 800 data base.

8. If costs for regional or local STPs are included as exogenous costs, justify why those costs should be treated as exogenous costs.

The only local or regional STP costs included as exogenous costs are the port terminations (Link Interface Units) and Right-To-Use fees for the additional signaling links.

9. For each of your company's SCPs, list and describe each service that is supported by that SCP. (i.e., 800 data base, LIDB, virtual private networks, wide area Centrex or unrelated administrative functions). Provide a diagram of the equipment in an SCP installation typical for your company.

BellSouth has three mated pairs of Service Control Points (SCPs). One pair consists of Digital Equipment Company (DEC) 8600s and is used to provide LIDB Access Service. The remaining two pairs are DEC 6510s and are used to provide 800 Data Base Access Service. In the case of all three pairs, one SCP is located in Birmingham, Alabama, and the other SCP is in Atlanta, Georgia. Diagrams of the database architecture are attached to this Exhibit 3.

10. If costs for the SCP are allocated among the functions described above, explain your allocation procedures and provide your allocation factors and how these factors were derived.

Because BellSouth's regional SCPs are dedicated to specific services (i.e., 800 Data Base Access Service or LIDB Access Service), an allocation procedure is unnecessary.

BELLSOUTH - SERVICE CONTROL POINTS

Birmingham, Alabama

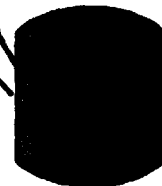
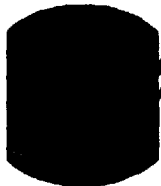
Atlanta, Georgia



REGIONAL SIGNAL
TRANSFER POINTS



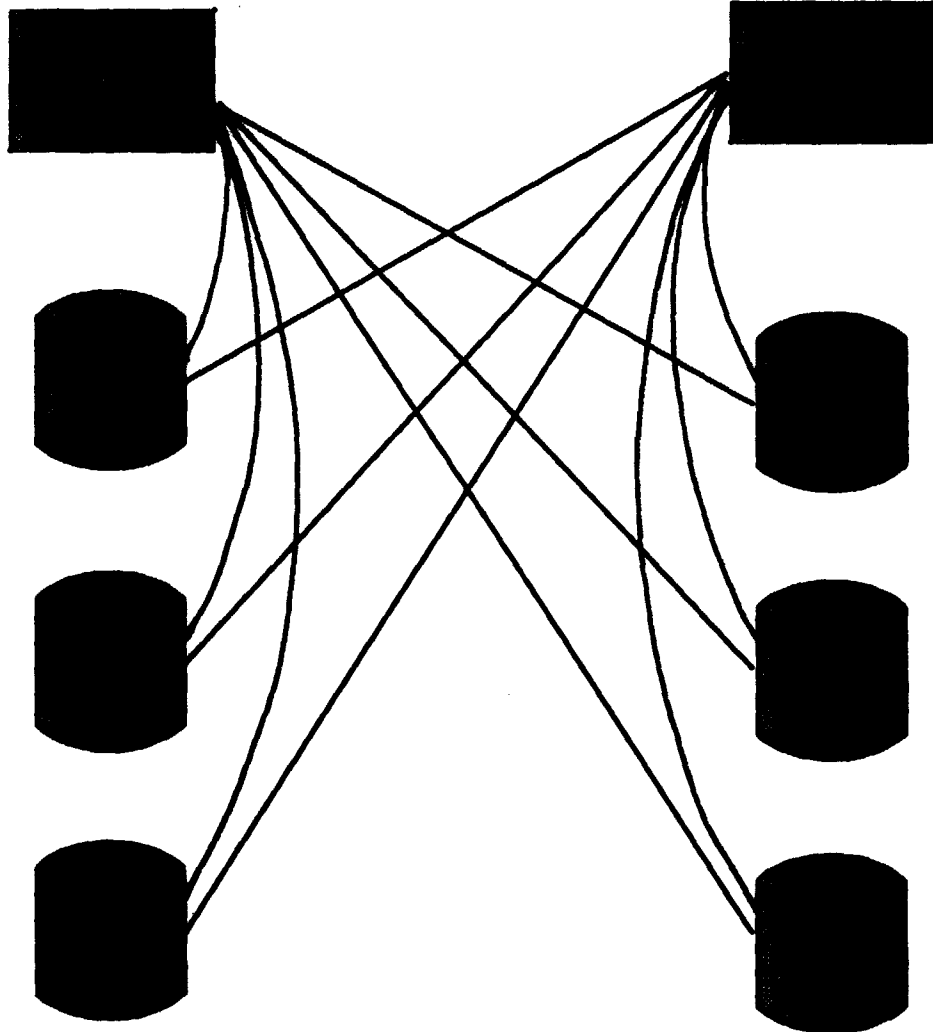
DEC 8600 SCP'S
LIDB



DEC 6510 SCP'S
800 DB



DEC 6510 SCP'S
800 DB



BELLSOUTH - DEC 6510 SCP INSTALLATION

